

HERMES

Quarterly information report as at the end of December 2017

Strong growth in sales in 2017 (+9% at constant exchange rates) and well-balanced contributions across the business lines and all geographical areas

Paris, 8 February 2018

In 2017, the Group's consolidated revenues amounted to €5,549 million, up +9% at constant exchange rates. After adjustment for the negative currency effect resulting from the year-end strengthening of the Euro, the increase was +7% at current exchange rates. This growth is particularly healthy as it is mainly based on an increase in volumes.

Growth was sustained in the fourth quarter (+5% at constant exchange rates), driven by all the geographical areas.

Sales by geographical area at the end of December *(at constant exchange rates unless otherwise indicated)*

The significant rise in revenues recorded in 2017 in Group stores (+9%) was driven by growth in all the geographical areas. Hermès continued to improve the quality of its distribution network, completing renovation and extension work on almost twenty stores.

Hermès deployed its new website in Canada and then the USA. It will be launched in Europe in the first half of 2018, then in China at the end of the year.

- Asia excluding Japan (+11%) pursued its upward curve with a positive outlook in mainland China and in South Asian countries. The context is improving in Hong Kong and Macao. The region particularly extended and renovated the Sogo Fuxing store in Taiwan, Kowloon Elements in Hong Kong and the Kuala Lumpur store in Malaysia.
- Japan (+4%) despite a high comparison basis, recorded a sustained increase thanks to its selective distribution network.
- America (+8%) achieved a good year in particular in the United States. The stores in Toronto and Palm Beach were renovated and extended at the end of the year. Brazil benefited from the opening of the new São Paulo Iguatemi store in June.
- Europe (+8%) confirmed an outstanding performance in the Group stores. This was particularly due to the success of the stores opened or extended on Sloane Street in London, in Munich and Copenhagen. France in particular (+5%), whose store on avenue George V is being renovated, performed well.

Sales by sector at the end of December

(at constant exchange rates unless otherwise indicated)

All sectors recorded growth, with a remarkable performance of the Ready-to-Wear and Accessories, Perfumes and Other sectors.

Growth in Leather Goods and Saddlery (+10%) is in line with the annual growth target in production capacities, in order to meet the strong demand for both iconic bags and the other models such as the Constance, Halzan, Lindy and Verrou bags. Development projects continue with the *Maroquinerie de l'Allan*, and the launch of the *Manufactures de Guyenne* and *de Montereau* which are likely to be completed by the year 2020.

The Ready-to-Wear and Accessories division (+9%) confirmed its great performance, driven by the success of the ready-to-wear collections, fashion accessories and particularly shoes.

The Silk and Textiles business line (+6%), gaining from sustained demand, the diversity of materials and the wealth of creations, pursued its growth.

The Perfumes division (+10%) posted strong growth, particularly due to the successful launch of *Twilly d'Hermès*.

The Watches business line (+1%) recorded a slight increase, with good sales in Group stores. The watches offer presented for the first time in Geneva at the *Salon International de la Haute Horlogerie (SIHH)*.

Other Hermès business lines (+11%) which encompass Jewellery, Art of Living and Hermès Table Arts, continued their development.

Highlights

At the end of December, currency fluctuations represented a negative impact of €100 million on revenues.

In 2017, Hermès International redeemed 433,242 shares for €187 million, outside transactions completed within the framework of the liquidity contract.

2017 Target Results

The annual results will be published on 21 March 2018. Thanks to the success of the collections in the second half of the year, to the very high level of productivity at the production sites and to the positive impact of foreign exchange hedges from 2016, operating profitability should be close to the level recorded over the first half of 2017.

Interim dividends

Given the available cash, on 7 February 2018, Management decided to pay an interim dividend of €1.5 per share. The ex-dividend date is set at 20 February and the payment date at 22 February 2018.

Outlook

In the medium-term, despite growing economic, geopolitical and monetary uncertainties around the world, the Group confirms an ambitious goal for revenue growth at constant exchange rates.

In 2018, Hermès celebrates the theme “Let’s play!”. This passion for play obviously comes from the horse, who was our first friend and who remains a constant source of inspiration. It also comes from childhood, which never fades completely in adulthood, and of which its collections are a marvellous extension.

Thanks to its unique business model, Hermès is pursuing its long-term development strategy based on creativity, maintaining control over know-how and original communication.

*The press release on revenues at the end of December 2017 is available on the Group's website:
<http://finance.hermes.com>.*

Coming events:

- 21 March 2018: publication of the 2017 Results
- 3 May 2018: publication of Q1 2018 Revenues
- 5 June 2018: General Meeting of Shareholders

INFORMATION BY GEOGRAPHICAL ZONE (1)

In millions of Euros	Fiscal Year		Evolutions	
	2017	2016	Published	At constant exchange rates
France	754.9	719.2	5.0%	5.0%
Europe (excl. France)	1,044.1	963.7	8.3%	9.6%
Total Europe	1,799.0	1,682.9	6.9%	7.6%
Japan	716.6	724.1	(1.0)%	4.1%
Asia Pacific (excl. Japan)	1,946.0	1,777.8	9.5%	11.3%
Total Asia	2,662.6	2 501.9	6.4%	9.2%
Americas	995.8	940.8	5.8%	7.7%
Other	91.8	76.7	19.8%	19.9%
TOTAL	5,549.2	5,202.2	6.7%	8.6%

In millions of Euros	4th quarter		Evolutions	
	2017	2016	Published	At constant exchange rates
France	205.1	197.6	3.8%	3.8%
Europe (excl. France)	299.2	290.2	3.1%	4.6%
Total Europe	504.3	487.8	3.4%	4.3%
Japan	201.2	217.2	(7.4)%	3.0%
Asia Pacific (excl. Japan)	483.5	487.4	(0.8)%	5.1%
Total Asia	684.6	704.6	(2.8)%	4.4%
Americas	286.8	290.9	(1.4)%	5.2%
Other	23.4	21.7	7.8%	7.9%
TOTAL	1,499.1	1,505.1	(0.4)%	4.6%

(1) Sales by destination.

INFORMATION BY SECTOR

In millions of Euros	Fiscal Year		Evolutions	
	2017	2016	Published	At constant exchange rates
Leathergoods and Saddlery (1)	2,800.3	2,603.7	7.6%	9.7%
Ready-to-wear and Fashion accessories (2)	1,181.1	1,099.1	7.5%	9.4%
Silk and Textiles	534.3	515.3	3.7%	5.7%
Other Hermès sectors (3)	365.0	336.0	8.6%	10.5%
Perfumes	287.5	261.9	9.8%	10.1%
Watches	157.5	157.9	(0.3)%	1.4%
Other products (4)	223.4	228.3	(2.1)%	(0.9)%
TOTAL	5,549.2	5,202.2	6.7%	8.6%

In millions of Euros	4th quarter		Evolutions	
	2017	2016	Published	At constant exchange rates
Leathergoods and Saddlery (1)	742.7	742.3	0.1%	5.8%
Ready-to-wear and Fashion accessories (2)	298.5	297.8	0.2%	5.6%
Silk and Textiles	171.9	180.8	(4.9)%	(0.9)%
Other Hermès sectors (3)	108.4	103.0	5.2%	10.0%
Perfumes	67.0	66.9	0.0%	1.0%
Watches	44.0	45.4	(3.0)%	1.8%
Other products (4)	66.6	68.8	(3.2)%	(1.0)%
TOTAL	1,499.1	1,505.1	(0.4)%	4.6%

(1) The “Leather Goods and Saddlery” business line includes bags, riding, diaries and small leather goods.

(2) The “Ready-to-wear and Accessories” business line includes Hermès Ready-to-wear for men and women, belts, costume jewellery, gloves, hats and shoes.

(3) The “Other Hermès business lines” include Jewellery and Hermès home products (Art of Living and Hermès Tableware).

(4) The “Other products” include the production activities carried out on behalf of non-group brands (textile printing, tanning...), as well as the John Lobb, Saint-Louis, Puiforcat and Shang Xia products.

REMINDER OF PREVIOUS PUBLICATIONS

INFORMATION BY GEOGRAPHICAL ZONE (1)

In millions of Euros	2017			2016		
	H1 report	Q3 report	9M report	H1 report	Q3 report	9M report
France	360.7	189.2	549.9	352.3	169.3	521.6
Europe (excl. France)	475.5	269.4	744.9	433.8	239.7	673.4
Total Europe	836.2	458.6	1,294.8	786.1	409.0	1,195.1
Japan	348.7	166.7	515.4	329.8	177.1	506.9
Asia Pacific (excl. Japan)	998.5	464.1	1,462.6	856.1	434.3	1,290.4
Total Asia	1,347.2	630.7	1,977.9	1,185.9	611.4	1,797.3
Americas	482.4	226.6	709.0	431.6	218.2	649.8
Other	47.2	21.2	68.4	36.7	18.2	54.9
TOTAL	2,713.1	1,337.1	4,050.1	2,440.4	1,256.7	3,697.1

(1) Sales by destination.

INFORMATION BY SECTOR

In millions of Euros	2017			2016		
	H1 report	Q3 report	9M report	H1 report	Q3 report	9M report
Leathergoods and Saddlery (1)	1,404.0	653.7	2,057.6	1,231.2	630.2	1,861.4
Ready-to-wear and Fashion accessories (2)	579.2	303.5	882.7	517.5	283.8	801.3
Silk and Textiles	246.3	116.1	362.4	230.3	104.3	334.5
Other Hermès sectors (3)	172.3	84.3	256.6	150.6	82.4	233.0
Perfumes	134.4	86.1	220.5	124.6	70.3	194.9
Watches	75.0	38.5	113.5	74.6	38.0	112.6
Other products (4)	101.9	54.9	156.8	111.8	47.7	159.5
TOTAL	2,713.1	1,337.1	4,050.1	2,440.4	1,256.7	3,697.1

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REMINDER OF KEY FIGURES – 2017 FIRST HALF RESULT

in millions of euros

	First half of 2017	Fiscal year 2016	First half of 2016
Revenue	2,713.1	5,202.2	2,440.4
Operating income	931.3	1,696.5	826.8
<i>In % of Revenue</i>	34.3%	32.6%	33.9%
Net income attributable to owners of the parent	605.2	1,100.3	545.4
Operating cash flows	794.2	1,438.7	699.4
Investments (excluding financial investments)	105.2	285.4	107.6
Shareholders' equity ⁽¹⁾	4,564.5	4,382.6	3,863.3
Net cash position	2,434.3	2,319.8	1,513.4
Restated net cash ⁽²⁾	2,530.4	2,345.3	1,625.4
Number of employees	13,059	12,834	12,510

(1) Corresponds to equity excluding non-controlling interests.

(2) The restated net cash position includes illiquid financial investments within the meaning of IAS 39 and borrowings.

The condensed interim consolidated financial statements have undergone a limited audit by the Statutory Auditors in accordance with applicable regulations.

The interim financial report, the press release and the presentation of the 2017 interim Results are available on the Group's website: <http://finance.hermes.com>.